

**HERSEY TOWNSHIP**  
**OSCEOLA COUNTY, MICHIGAN**  
**AUDIT REPORT**  
**JUNE 30, 2006**

## Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended and P.A. 71 of 1919, as amended.

Local Unit of Government Type <input type="checkbox"/> County <input type="checkbox"/> City <input checked="" type="checkbox"/> Twp <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Unit Name Hersey Township	County Osceola
Fiscal Year End JUNE 30, 2006	Opinion Date October 19, 2006	Date Audit Report Submitted to State November 10, 2006	

We affirm that:

We are certified public accountants licensed to practice in Michigan.

We further affirm the following material, "no" responses have been disclosed in the financial statements, including the notes, or in the Management Letter (report of comments and recommendations).

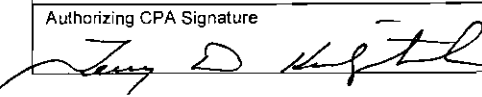
YES NO

**Check each applicable box below.** (See instructions for further detail.)

1. ☒ ☐ All required component units/funds/agencies of the local unit are included in the financial statements and/or disclosed in the reporting entity notes to the financial statements as necessary.
2. ☒ ☐ There are no accumulated deficits in one or more of this unit's unreserved fund balances/unrestricted net assets (P.A. 275 of 1980) or the local unit has not exceeded its budget for expenditures.
3. ☒ ☐ The local unit is in compliance with the Uniform Chart of Accounts issued by the Department of Treasury.
4. ☒ ☐ The local unit has adopted a budget for all required funds.
5. ☒ ☐ A public hearing on the budget was held in accordance with State statute.
6. ☒ ☐ The local unit has not violated the Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, or other guidance as issued by the Local Audit and Finance Division.
7. ☒ ☐ The local unit has not been delinquent in distributing tax revenues that were collected for another taxing unit.
8. ☒ ☐ The local unit only holds deposits/investments that comply with statutory requirements.
9. ☒ ☐ The local unit has no illegal or unauthorized expenditures that came to our attention as defined in the *Bulletin for Audits of Local Units of Government in Michigan*, as revised (see Appendix H of Bulletin).
10. ☒ ☐ There are no indications of defalcation, fraud or embezzlement, which came to our attention during the course of our audit that have not been previously communicated to the Local Audit and Finance Division (LAFD). If there is such activity that has not been communicated, please submit a separate report under separate cover.
11. ☒ ☐ The local unit is free of repeated comments from previous years.
12. ☒ ☐ The audit opinion is UNQUALIFIED.
13. ☒ ☐ The local unit has complied with GASB 34 or GASB 34 as modified by MCGAA Statement #7 and other generally accepted accounting principles (GAAP).
14. ☒ ☐ The board or council approves all invoices prior to payment as required by charter or statute.
15. ☒ ☐ To our knowledge, bank reconciliations that were reviewed were performed timely.

If a local unit of government (authorities and commissions included) is operating within the boundaries of the audited entity and is not included in this or any other audit report, nor do they obtain a stand-alone audit, please enclose the name(s), address(es), and a description(s) of the authority and/or commission.

I, the undersigned, certify that this statement is complete and accurate in all respects.

<b>We have enclosed the following:</b>	Enclosed	Not Required (enter a brief justification)	
Financial Statements	<input checked="" type="checkbox"/>		
The letter of Comments and Recommendations	<input checked="" type="checkbox"/>		
Other (Describe)	<input type="checkbox"/>		
Certified Public Accountant (Firm Name) Terry Kirkpatrick, CPA, P.C.		Telephone Number 231 - 796 - 3332	
Street Address 211 MAPLE STREET		City BIG RAPIDS	State MI
		Zip 49307	
Authorizing CPA Signature 		Printed Name Terry D. Kirkpatrick	License Number 18035

## CONTENTS

	<u>Page Number</u>
Independent Auditor's Report	1
Basic Financial Statements	
Government-wide Financial Statements	
Statement of Net Assets	2
Statement of Activities	3
Governmental Fund Financial Statements	
Balance Sheet	4
Statement of Revenues, Expenditures and Changes in Fund Balance	5
Reconciliation of the Statement of Revenue, Expenditures and Changes in Fund Balance of Governmental Funds to the Statement of Activities	6
Fiduciary Fund	
Statement of Net Assets	7
Notes to Financial Statements	8-11
Required Supplemental Information	
Budgetary Comparison Schedule – General Fund	12
Budgetary Comparison Schedule – Fire Fund	13
Other Supplemental Information	
Combining Balance Sheet – Non-Major Governmental Funds	14
Combining Statement of Revenues, Expenditures and Changes in Fund Balance – Non-Major Governmental Funds	15

\*\*\*\*\*

**TERRY KIRKPATRICK, CPA, P.C.**  
CERTIFIED PUBLIC ACCOUNTANT

211 MAPLE STREET  
P O BOX 817  
BIG RAPIDS, MICHIGAN 49307-0817  
(231) 796-3332  
FAX (231) 796-5554

**Independent Auditor's Report**

To the Township Board  
Hersey Township, Osceola County

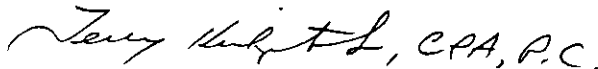
We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Hersey Township, Osceola County, Michigan, as of and for the year ended June 30, 2006, which collectively comprise Hersey Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the management of Hersey Township, Osceola County, Michigan. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Hersey Township, Osceola County, Michigan, as of June 30, 2006, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The Hersey Township has implemented a new financial reporting model, as required by provisions of GASB Statement No. 34, *Basic Financial Statements – Management's Discussion and Analysis- for State and Local Governments*, as of June 30, 2006. Management has elected not to present the Management's Discussion and Analysis portion of the financial statements.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Hersey Township, Osceola County, Michigan basic financial statements. The combining and individual non-major fund financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

 Terry Kirkpatrick, CPA, P.C.

Big Rapids, Michigan  
October 19, 2006

*BASIC FINANCIAL STATEMENTS*

# Hersey Township – Osceola County, Michigan

Government Wide Statement of Net Assets

June 30, 2006

With Comparative Amounts at June 30, 2005

	Governmental Activities	
	<u>2006</u>	<u>2005</u>
ASSETS		
Cash and Cash Equivalents	\$ 405,515	\$ 370,247
Receivables - Other Governmental Units	15,012	14,988
Delinquent Tax Receivable	2,605	2,362
Due from Trust and Agency Funds	69,717	37,524
Capital Assets (Net)	<u>232,707</u>	<u>263,923</u>
Total assets	<u>\$ 725,556</u>	<u>\$ 689,044</u>
LIABILITIES		
Payroll Taxes Payable	\$ 232	\$ 319
Non-current liabilities		
Due within one year	25,425	23,886
Due in more than one year	<u>0</u>	<u>25,425</u>
Total liabilities	<u>25,657</u>	<u>49,630</u>
NET ASSETS		
Invested in capital assets, net of related debt	207,282	214,612
Unrestricted	<u>492,617</u>	<u>424,802</u>
Total net assets	<u>699,899</u>	<u>639,414</u>
Total liabilities and net assets	<u>\$ 725,556</u>	<u>\$ 689,044</u>

The "Notes to Financial Statements" are an integral part of these statements.

**With Comparative Total Amounts for June 30, 2005**

The “Notes to Financial Statements” are an integral part of these statements.

*GOVERNMENTAL FUND FINANCIAL STATEMENTS*



Hersey Township – Osceola County, Michigan  
Governmental Fund Balance Sheet  
June 30, 2006

	General Fund	Fire Fund	Non-Major Governmental Funds	Total Governmental Funds
			2006	2005
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 341,161	\$ 35,362	\$ 28,992	\$ 370,247
Delinquent Tax Receivable - Personal	1,293	1,312	0	2,605
Due from Other Funds	43,716	27,050	552	71,318
Due from Other Governmental Units	15,012	0	0	15,012
Total assets	\$ 401,182	\$ 63,724	\$ 29,544	\$ 494,450

<b>LIABILITIES AND FUND EQUITY</b>				
Due to Other Funds	\$ 1,601	\$ 0	\$ 0	\$ 1,591
Payroll Tax Payable	203	29	0	319
Fund Balance - Unreserved and Undesignated	399,378	63,695	29,544	424,802
Total liabilities and fund equity	\$ 401,182	\$ 63,724	\$ 29,544	\$ 424,802

Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets

Total Governmental Fund Balances	\$ 492,617	\$ 424,802
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets used in governmental activities are not financial resources, and are not reported in the funds.		
Long-term liabilities that are not due and payable in the current period are not reported in the funds:		
notes payable	(25,425)	(49,311)
Cost of capital assets, net of depreciation	232,707	263,923
Net assets of governmental activities	\$ 699,899	\$ 639,414

The "Notes to Financial Statements" are an integral part of these statements.

**Hersey Township – Osceola County, Michigan**  
Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balance  
For the Year Ended June 30, 2006  
With Comparative Totals for June 30, 2005

	General Fund	Fire Fund	Non-Major Governmental Funds	Total Governmental Funds	June 30, 2005 Totals
<b>REVENUES</b>					
Property Tax	\$ 55,704	\$ 55,246	\$ 0	\$ 110,950	\$ 111,464
State Grants	100,950	0	0	100,950	98,699
Charges for Services	32,375	2,005	0	34,380	33,722
Interest and Rents	20,262	549	225	21,036	5,420
Other Revenue	14,402	1,161	0	15,563	61,914
Total revenues	223,693	58,961	225	282,879	311,219
<b>EXPENDITURES</b>					
General Government	75,438	0	4,220	79,658	80,817
Public Safety	0	63,937	0	63,937	109,407
Public Works	39,237	0	0	39,237	48,653
Other Functions	5,589	0	0	5,589	5,428
Capital Outlay	0	0	0	0	23,165
Debt Service	0	27,062	0	27,062	27,062
Total expenditures	120,264	90,999	4,220	215,483	294,532
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	103,429	(32,038)	(3,995)	67,396	16,687
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers In	0	20,000	3,419	23,419	68,000
Transfers Out	(23,000)	0	0	(23,000)	(68,000)
Total other financing sources (uses)	(23,000)	20,000	3,419	419	0
<b>EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES</b>	80,429	(12,038)	(576)	67,815	16,687
Fund Balance - July 1,	318,949	75,733	30,120	424,802	408,115
Fund Balance - June 30,	\$ 399,378	\$ 63,695	\$ 29,544	\$ 492,617	\$ 424,802

The "Notes to Financial Statements" are an integral part of these statements.

## Hersey Township – Osceola County, Michigan

Reconciliation of the Statement of Revenue, Expenditures and Changes in Fund Balance of Governmental Funds to the Statement of Activities  
For the Year Ended June 30, 2006

---

	<u>2006</u>	<u>2005</u>
Net Change in Fund Balances - Total Government Funds	\$ 67,815	\$ 16,687
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures; in the statement of activities, these costs are allocated over their estimated useful lives as depreciation. This is capital outlay for the year.	0	23,165
Repayment of debt principal is an expenditure in the governmental funds, but not in the statement of activities (where it reduces debt).	23,886	22,441
Depreciation expense	<u>(31,216)</u>	<u>(28,986)</u>
Change in Net Assets of Governmental Activities	<u>\$ 60,485</u>	<u>\$ 33,307</u>

The "Notes to Financial Statements" are an integrated part of these statements.

# Hersey Township – Osceola County, Michigan

Fiduciary Fund  
Statement of Net Assets  
June 30, 2006

	Cemetery Trust Fund	Agency Fund Type Property Tax Collection	Totals
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 19,777	\$ 71,216	\$ 90,993
<b>LIABILITIES AND FUND EQUITY</b>			
Due to Other Governmental Units	\$ 0	\$ 1,499	\$ 1,499
Due to General Fund	0	43,716	43,716
Due to Fire Fund	0	26,001	26,001
Fund Balance	19,777	0	19,777
Total liabilities and fund equity	\$ 19,777	\$ 71,216	\$ 90,993

The "Notes to Financial Statements" are an integrated part of these statements.

*NOTES TO FINANCIAL STATEMENTS*

## **NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies of Hersey Township conform to accounting policies generally accepted in the United States of America (GAAP) as applicable to governmental units. The following is a summary of the significant accounting policies used by Hersey Township:

### **Reporting Entity**

The Township is governed by an elected, five-member, Board. The accompanying financial statements present the government and its component units; entities for which the government is considered to be financially accountable. Based on the application of the criteria, the Township does not contain any component units.

### **Government – Wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the non-fiduciary activities of the primary government. For the most part, the effect of inter-fund activity has been removed from these statements. Governmental activities, normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenue includes: (1a) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenue.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

### **Measurement Focus, Basis of Accounting and Financial Statement Presentation**

**District-Wide Statements** - The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

**Fund Based Statements** - Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be “available” if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

**Property taxes** – Hersey Township’s property tax is levied on each December 1<sup>st</sup> on the taxable valuation of property located within Hersey Township as of the preceding December 31<sup>st</sup>.

## Hersey Township – Osceola County, Michigan

Notes to Financial Statements - Continued  
For the Year Ended June 30, 2006

---

Although the Hersey Township 2005 ad valorem tax is levied and collectible on December 1, 2005, it is Hersey Township's policy to recognize revenue from the current tax levy in the current year when the proceeds of this levy are budgeted and made "available" for the financing of operations.

The 2005 taxable valuation of Hersey Township totaled approximately \$46,370,000, on which ad valorem taxes levied consisted of .9441 mills for the Township operating purposes and an additional .9441 mills for fire protection. These amounts are recognized in the respective General and Special Revenue Fund financial statements as Due from Osceola County and/or as a tax revenue.

The Township reports the following major governmental funds:

The General Fund is the Township's primary operating fund. It accounts for all financial resources of the Township, except those required to be accounted-for in another fund.

The Fire Fund is used to record property tax and interest for expenditures for fire protection.

Additionally, the Township reports the following fund types:

The Township reports two Fiduciary Funds (Trust and Agency Funds). One fund accounts for taxes and special assessments collected by the Township as an agent for other taxing units. The other is a Cemetery Trust Fund for perpetual care. Fiduciary Fund net assets and results of operations are not included in the government-wide financial statements. Agency Funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

The Township reports two non-major special revenue funds for a fire barn fund and a cemetery fund.

As a general rule, the effect of inter-fund activity has been eliminated from the government-wide financial statements.

### **Assets, Liabilities and Net Assets or Equity**

**Deposits and Investments** – Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value.

**Receivables and Payables** – In general, outstanding balances between funds are reported as "due to/from other funds". Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as "advances to/from other funds".

All trade and property tax receivables are shown as net of allowance for uncollectible amounts. Property taxes are levied on each December 1<sup>st</sup> and are considered delinquent on March 1<sup>st</sup> of the following year, at which time interest and penalties are assessed.

**Capital Assets** – Capital assets, which include property, plant and equipment assets are reported in the applicable governmental activities column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial individual cost of more than \$3,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of the donation.

Property, plant and equipment is depreciated using the straight-line method over the following useful lives:

Building	40 Years
Vehicles	10 Years
Equipment	5 to 10 Years

## Hersey Township – Osceola County, Michigan

Notes to Financial Statements - Continued  
For the Year Ended June 30, 2006

---

**Fund Equity** – In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

### NOTE B – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

**Budgetary Information** – Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental units. All annual appropriations lapse at fiscal year end.

The budget document presents information by fund, function, activity and line items. The legal level of budgetary control adopted by the governing body is the activity level. State law requires the Township have its budget in place by July 1<sup>st</sup>. Expenditures in excess of amounts budgeted is a violation of Michigan Law. State law permits a township to amend its budgets during the year.

### NOTE C – DEPOSITS AND INVESTMENTS

Michigan Compiled Laws, Section 129.91, authorizes the local governmental unit to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations, which have an office in Michigan. The Township is allowed to invest in bonds, securities and other direct obligations of the United States or any agency or instrumentality of the United States; United States government or federal agency obligations; repurchase agreements; bankers' acceptance of United States banks; commercial paper rated within the two highest classifications which mature not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions which are rated as investment grade; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan.

The Township has designated two banks for the deposit of Township Funds. The investment policy adopted by the Township Board in accordance with Public Act 196 of 1997 has authorized investment in bank accounts and certificates of deposit, but not the remainder of State statutory authority as listed above.

The Township's deposits and investment policy are in accordance with statutory authority.

At year-end, the Township's deposits and investments were reported in the basic financial statements in the following categories:

	<u>Governmental Activities</u>
Cash and cash equivalents	\$ 405,515

The bank balance of the primary government's deposits is \$409,573, of which \$120,000 is covered by federal depository insurance.

### NOTE D – RECEIVABLES

Receivables as of year-end for the government's individual major and non-major funds are as follows:

	General	Fire Millage	Non-Major	Total
Taxes receivable	\$ 1,293	\$ 1,312	\$ 0	\$ 2,605
State revenue sharing	15,012	0	0	15,012



## Hersey Township – Osceola County, Michigan

Notes to Financial Statements - Continued  
For the Year Ended June 30, 2006

### NOTE E – CAPITAL ASSETS

Capital asset activity of the governmental activities for the current year was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated				
Land	\$ 36,000	\$ 0	\$ 0	\$ 36,000
Capital assets being depreciated				
Buildings	130,000	0	0	130,000
Fire vehicles	277,659	0	0	277,659
Equipment	15,000	0	0	15,000
Less Accumulate depreciation for Capital assets	(194,736)	(31,216)	0	(225,952)
Net capital assets	\$ 263,923	\$ (31,216)	\$ 0	\$ 232,707

Depreciation expense was not charged to activities as the Township considers its assets to impact multiple activities and allocation is not practical.

### NOTE G – INTERFUND RECEIVABLES AND PAYABLES

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Agency	\$ 43,716
Fire	General	1,049
Non-Major	General	552
Fire	Agency	26,001

### NOTE H – RISK MANAGEMENT

The Township is exposed to various risks of loss related to property loss, torts, errors and omissions and employee injuries (workers' compensation). The Township has purchased workers' compensation insurance for such claims. Settled claims relating to the workers' compensation insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

*REQUIRED SUPPLEMENTAL INFORMATION*

# Hersey Township – Osceola County, Michigan

## Budgetary Comparison Schedule

### General Fund

For the Year Ended June 30, 2006

With Comparative Actual Amounts for June 30, 2005

	Original Budget	Amended Budget	Actual	Variance with Final Budget Favorable (Unfavorable)	2005 Actual
BEGINNING OF YEAR FUND BALANCE	\$ 318,949	\$ 318,949	\$ 318,949	\$ 0	\$ 324,714
Resources (inflows)					
Property Tax	47,500	46,400	55,704	9,304	56,982
State Grants	90,000	90,000	100,950	10,950	98,699
Charges for Services	25,000	25,000	32,375	7,375	31,962
Interest and Rents	2,775	2,775	20,262	17,487	4,694
Other Revenue	1,520	1,500	14,402	12,902	1,954
Amounts Available for Appropriation	485,744	484,624	542,642	58,018	519,005
Charges to Appropriations (outflows)					
General Government					
Township board	15,244	15,344	9,002	6,342	9,476
Supervisor	6,925	6,925	6,649	276	6,641
Elections	2,700	2,990	1,266	1,724	2,431
Assessor	19,000	19,225	18,105	1,120	17,114
Clerk	13,820	13,820	12,702	1,118	12,591
Board of review	1,300	1,300	945	355	881
Treasurer	16,725	16,725	15,911	814	14,813
Townhall	11,100	12,500	10,858	1,642	14,028
Public Works					
Highways, streets & bridges	100,000	100,000	0	100,000	3,793
Sanitation	51,150	51,575	38,782	12,793	44,421
Street lighting	1,000	1,000	455	545	439
Other Functions					
Social security/ medicare tax	1,150	1,150	848	302	855
Retirement	5,500	5,500	4,741	759	4,573
Transfers Out	54,500	54,500	23,000	31,500	68,000
Total Charges to Appropriations	300,114	302,554	143,264	159,290	200,056
Budgetary Fund Balance - June 30,	\$ 185,630	\$ 182,070	\$ 399,378	\$ 217,308	\$ 318,949

# Hersey Township – Osceola County, Michigan

## Budgetary Comparison Schedule

### Fire Fund

For the Year Ended June 30, 2006

With Comparative Actual Amounts for June 30, 2005

	Original Budget	Amended Budget	Actual	Variance with Final Budget Favorable (Unfavorable)	2005 Actual
BEGINNING OF YEAR FUND BALANCE	\$ 75,733	\$ 75,733	\$ 75,733	\$ 0	\$ 52,782
Resources (inflows)					
Property Tax	47,000	46,400	55,246	8,846	54,482
Charges for Services	1,700	1,000	2,005	1,005	1,760
Interest and Rents	100	100	549	449	585
Other Revenue	500	0	1,161	1,161	59,960
Transfer from Other Funds	50,000	20,000	20,000	0	65,000
Amounts Available for Appropriation	175,033	143,233	154,694	11,461	234,569
Charges to Appropriations (outflows)					
Public Safety					
Fire protection	113,000	70,255	63,937	6,318	108,609
Capital Outlay	1,000	1,000	0	1,000	23,165
Debt Service	30,000	30,000	27,062	2,938	27,062
BUDGETARY FUND BALANCE - June 30,	\$ 31,033	\$ 41,978	\$ 63,695	\$ 21,717	\$ 75,733

*OTHER SUPPLEMENTAL INFORMATION*

# Hersey Township – Osceola County, Michigan

Combining Balance Sheet

Non-Major Governmental Funds

June 30, 2006

With Comparative Totals at June 30, 2005

	Fire Barn <u>Fund</u>	Cemetery <u>Fund</u>	Totals <u>2006</u>	<u>2005</u>
ASSETS				
Cash and Cash Equivalents	\$ 25,541	\$ 3,451	\$ 28,992	\$ 29,609
Due from General Fund	246	306	552	511
Total assets	<u>\$ 25,787</u>	<u>\$ 3,757</u>	<u>\$ 29,544</u>	<u>\$ 30,120</u>
LIABILITIES AND FUND EQUITY				
Fund Balance				
Unreserved and undesignated	<u>\$ 25,787</u>	<u>\$ 3,757</u>	<u>\$ 29,544</u>	<u>\$ 30,120</u>

**Hersey Township – Osceola County, Michigan**  
 Combining Statement of Revenues, Expenditures and Changes in Fund Balance  
 Non-Major Governmental Funds  
 For the Year Ended June 30, 2006  
 With Comparative Totals at June 30, 2005

	Fire Barn Fund	Cemetery Fund	Totals	2006	2005
<b>REVENUES</b>					
Interest and Rents	\$ 102	\$ 123	\$ 225	\$	141
<b>EXPENDITURES</b>					
General government	0	4,220	4,220		2,842
Public safety	0	0	0		798
Total expenditures	0	4,220	4,220		3,640
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	102	(4,097)	(3,995)		(3,499)
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfer In	0	3,419	3,419		3,000
<b>EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES</b>	102	(678)	576		(499)
<b>FUND BALANCE - July 1,</b>	25,685	4,435	30,120		30,619
<b>FUND BALANCE - June 30,</b>	\$ 25,787	\$ 3,757	\$ 29,544	\$	30,120

**TERRY KIRKPATRICK, CPA, P.C.**  
CERTIFIED PUBLIC ACCOUNTANT

211 MAPLE STREET  
P.O. BOX 817  
BIG RAPIDS, MICHIGAN 49307-0817  
(231) 796-3332  
FAX (231) 796-5554

October 19, 2006

Members of the Township Board  
Hersey Township  
Osceola County, Michigan

We have recently completed our audit of the basic financial statements of Hersey Township for its year ended June 30, 2006. During this audit, we had an opportunity to observe accounting and financial procedures and many of your general management practices. As a result of our auditing procedures, there are some comments we want to present.

**CLERK AND TREASURER RECORDS WELL MAINTAINED**

The Clerk and Treasurer both have maintained their financial records in very good order. They both have done a very good job, and the Clerk has done a good job keeping the Board informed of all necessary budget amendments in a timely manner.

**CANCELLED CHECKS REMAIN WITH BANK STATEMENTS**

The cancelled checks for the tax collection account were separated from the bank statement and put in chronological order by check number with all of the other cancelled checks. All cancelled checks should always remain intact with the bank statement to which each applies. This recommendation was made last year as well. This recommendation should be followed by the Treasurer.

**LARGE BALANCE REMAINS IN TAX ACCOUNT**

As late as the September 2006 current tax account bank statement there was more than \$ 39,000 still sitting in the account. This money should be distributed as soon as possible. When the new tax season begins the balance in the tax account should be no more than approximately \$ 100. Leaving a large balance in that account can only lead to trouble, and in addition, all money deposited in the tax account belongs to another unit of government or township fund. Therefore, it is imperative that the tax dollars be distributed to the proper places in a timely manner.

**OTHER MATTERS**

We want to thank your personnel for the courtesy and cooperation shown us by them during our audit. Two copies of the audit report and this letter have been submitted to the Michigan Department of Treasury.

If you have any questions regarding the above or the audit, please contact us.

Sincerely,

*Terry Kirkpatrick, CPA, P.C.*